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OGC HAS REVIEWED. Approved For Release 2001/08/24 : CIA-RDP57-00384R001300050012-2
7 March 1951

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MEMORANDUM FOR: DEPUTY DIRECTOR (ADMINISTRATION)

SUBJECT : Claims for Loss of Personal Property

1. Returned herewith are five claims for loss of personal property during a forced evacuation of [REDACTED] together with memoranda pertaining thereto.

2. There is legal authority to pay these claims under the provisions of paragraph 10.3 of the Confidential Funds Regulations (CFRs), assuming the proposed expenditures are for a confidential, extraordinary or emergent nature as set forth in paragraph 1.0 of the CFRs.

3. However, in view of the possible increase of such claims, it is the recommendation of this office that consideration of these five claims be suspended pending a complete review of the claims problem, possible establishment of a CIA Claims Board, and possible issuance of claims regulations. It is apparent that similar claims will be submitted in the future, and it would seem advisable to adopt a uniform standard of processing, so that future claimants will be treated in the same manner as the present five.

4. Your attention is ^{invited} directed to the comments of the Deputy Comptroller in the attached memorandum to the Comptroller, dated 7 February 1951. His view is that the Agency should not question the judgment of an individual as to the reasonableness of his clothing and other property requirements (paragraph 3 and 4). This office is unable to agree with his interpretation of CIA's obligation. We believe the Agency has an affirmative duty to scrutinize every claim, and to determine whether possession of lost articles was reasonable, useful, necessary or proper under the circumstances of each case. Our conclusion is based upon the expressed intent of Congress, since Congress historically has subjected such claims to this test. In addition, the legislators have been extremely reluctant to surrender this power, and have done so only after assigning this responsibility to some official (e.g., in the Military Personnel Claims Act of 1945, the Secretary of the Army or such officers as he may designate are required by Congress to determine if possession of lost property was reasonable, useful, necessary or proper).

5. By way of comparison, the following examples illustrate how other Government departments handle this problem:

a. If these claimants were employees of the Foreign Service or of the Department of State, the only possibility for reimbursement would be enactment of a private bill by Congress. In order

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to handle such cases, the Department has established a Claim Board, which appraises claims for losses of personal property. If the Board determines that possession of the lost property was reasonable, useful, necessary and proper under the circumstances, and if numerous other requisites are met, the Claim Board submits a report to the Secretary of State. If approved by the Secretary, the report is forwarded to the Bureau of the Budget for consideration, and in the event of approval, the claim is transmitted to the President for submission to Congress.

b. If the claimants were employees of the Department of Army or of the Department of Navy, their claims could be processed without submission to Congress, since Congress has enacted legislation for this purpose (Military Personnel Claims Act of 1945, 31 USCA 222c, e). However, the Army and Navy have promulgated administrative regulations which must be complied with prior to payment of any claim. In general, possession of the lost property by the claimant must be determined by the adjudicating authority as reasonable, useful, necessary, or proper under the attendant circumstances. In addition, there are several types of claims which are not payable, and certain types of lost property (e.g., costume jewelry) for which reimbursement is not allowed. The important fact, however, is that the magnitude of the problem has been recognized by the armed forces, and regulations have been drafted to provide uniformity, and to cover as many contingencies as possible.

6. Specifically, this office recommends the following:

a. Establishment of a CIA Claims Board by the Deputy Director (Administration) for processing of claims submitted by employees.

b. Issuance of regulations which would provide a uniform standard for the Claims Board to follow. Such regulations would permit approval only if possession of the lost property was reasonable, useful, necessary or proper under the circumstances. A standard of depreciation would be adopted, and a list of allowable items would be compiled. It would be possible to adopt Army, Navy or State Department regulations, or this office would be pleased to draft, or assist in the drafting of necessary regulations.

c. Claims submitted by covert personnel, if approved, would be paid from confidential funds.

d. Claims submitted by overt personnel, if approved, would be forwarded to Congress for enactment of private legislation for each claimant. (A possible alternative would be amendment of Public Law 110 to provide for administrative payment of claims submitted by overt personnel).

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e. Appropriate steps would be taken to provide equal reimbursement for covert and overt personnel.

7. As pointed out previously in this memorandum, there is legal authority to pay these five claims as submitted, because of the broad powers Congress has conferred upon the Director of Central Intelligence. However, it seems obvious that the present process of handling claims is unsatisfactory. These claims were sent from office to office with everyone nodding assent, and with no one questioning the reasonableness of each claim. We believe a uniform and definite system of handling claims, while it can never completely eliminate the headaches inherent in this problem, is necessary to minimize difficulties which are certain to arise in the future.

LAWRENCE R. HOUSTON
General Counsel

Attachments:

Memo dtd 11 Feb 51 fr Comptroller
to DD/A
Folder containing five claims
Memo dtd 17 Jan 51 fr Acting Chief,
Finance Branch to Comptroller
Memo dtd 7 Feb 51 fr Deputy Comptroller
to Comptroller
"Summary of Reconstructed Claims" for
signature of DD/A

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[REDACTED]:tac
cc: Subject
Chrono

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Executive

29 June 1950

Legal Staff

Claims for Loss of Personal Property

1. We concur in the recommendations of the Deputy Chief, Finance Division and the Budget Officer. The claims appear fair and reasonable, and the careful and conscientious application of depreciation rates provides an accurate base for the actual loss.

2. As we indicated in our memorandum of 27 January 1950 to the Acting Chief, Finance Division, there is no legal objection to payment of the claims under Section 10.3 of the Confidential Funds Regulations, providing you wish to accept pilferage or theft during emergency travel as an acceptable cause of loss.

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Background file attached.

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cc: Subject ✓
Chrono
Legal Devisions

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Claims for



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